

*How Small Businesses Are Supporting America's Energy Renaissance*  
U.S. Senate Committee on Small Business & Entrepreneurship  
Field Hearing  
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Testimony of Bryan Galley  
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Good afternoon, and thank you for the invitation to speak on this important topic. My name is Bryan Galley, and I am the owner of Bryan Galley Builders, Inc., a small construction business specializing in residential building. I am a graduate of McNeese University, and my company has been operating since 1990. I've served as a member of the local, state, and national homebuilder's associations and am a past president of our local board. I'm honored to have this opportunity to address the committee today as a small business owner, a stakeholder in our local housing market, and as a proud lifelong resident of Calcasieu Parish. In the next few minutes, I hope to convey to you some of the challenges my and other small businesses face, particularly in the housing industry. I'll offer some broad suggestions as to how stakeholders in the community can help small business meet those challenges and propel our economy forward.

While my business does not work directly with our local energy sector, it is tied to the regional surge in population and growth stemming in part from the energy sector's development. The size of my construction operation is reflective of the industry in our region, which is comprised mostly of small business builders. My employees and others in the industry are particularly sensitive to the pressures and opportunities brought on by the recent and expected investments in our region. The nature of the construction industry is such that businesses must be flexible and adapt to the demands of the market as they ebb and flow. For example, the structure of my business has changed since Hurricane Rita from a roughly 30-person payroll to a group of about ten core employees who coordinate our work through a variety of subcontractors. It seemed that shortly after we emerged from the post-storm rebuilding process and recovered from the housing bubble bursting in 2008, energy sector investments brought sharp demands to our industry. As is the case for so many small businesses in the area, my goal is to help meet these demands and seize the opportunity to profit from them. However I am cautious and I seek to do that in a way that is sustainable in the long-term both for my business and for our region as a whole.

As the Lake Charles area sees property values increasing, businesses like mine must work with smaller spaces and be more creative with design. Often this requires an even greater focus on environmental concerns such as erosion, energy efficiency, and other areas subject to government regulation. This allows us to build with an eye toward our region's vulnerability to storms, floodzones, etc. While this is incredibly important, it also drives up costs for local builders and increases the need for coordination with our permitting offices & police juries. Higher costs, combined with time pressure to supply the housing

in demand, makes the Lake Charles construction industry a challenging sector to serve well and profitably.

Another major obstacle to success in my industry is the lack of skilled workers in the area available to complete construction projects. As I mentioned before, my company operates primarily by coordinating subcontractors, and workers in nearly every skillset within the construction industry, (carpentry, masonry, stucco, framing, and painting, for example), are increasingly hard to come by. When you do find a crew that is experienced and consistent in their work product, you are competing with numerous other building projects for their time and focus. This causes hang-ups and inefficiencies in our constructions schedules.

Further, the high demand and low supply of trade workers in our industry puts pressure on subcontractors to utilize the undocumented workforce and risk illegality to be able to meet the production demands of our industry. This shadow of the law is a reality and a burden that our local businessmen and officials must deal with regardless of partisan gridlock on the federal level. While comprehensive immigration reform may not be a possibility in the short-term, I would like to see our government set up programs to address the issue in the present. We must respond to the reality that undocumented workers are both contributing to our economy and also straining our taxpayers' infrastructure without necessarily supporting it through their own payroll tax payments.

Of course, this is only a tangential issue and a symptom of the larger problem- our lack of skilled workforce. As Mr. Aspinwall from Sowela and Mr. Jarreau from Southside have discussed/will discuss, our society has given higher status and praise to college graduates, but our region really has a pressing need for trade workers with specific blue-collar skillsets. We should give recognition to those skilled workers who have excelled in their trades and made our community's economic development possible. We should hold them up as examples to be followed. I would like to see our government officials and community leaders set up further incentives for young people to seize on the opportunity to make a good living in trade work and stabilize our economy and housing industry in the process. As a small business owner, I am open to aiding in this effort through mentorship and experiential learning programs for our Lake Charles young people.

In addition to manpower, our local housing industry needs appropriate financial investment to meet the demands of our growing population. I am a professional contractor, but I have also made personal investments in residential developments. I can tell you that there is a lengthy lag time—roughly 7 to 10 years--from when I invest funds until I am able to profit from that investment. Small business owners with relatively high tax burdens are often hesitant and truly unable to invest further. This could become a problem as our area's housing needs increase. Government officials should anticipate this need and prevent a deficit in housing by implementing programs that give incentives, whether through tax breaks or other support, for those who invest in residential and commercial building. And as any local businessperson will tell you, every effort to stabilize our tax code and make tax policies consistent and predictable helps our small businesses.

Finally, as a small businessman and a Calcasieu resident, I would ask our government officials and community leaders to address the issue of energy sector development with an appropriate dose of caution and healthy skepticism. I am as proud and excited as everyone else to see our economy grow and prosper, but I also have serious concerns for the pressure this puts on our infrastructure. I recognize that tying our local economy to the oil and gas sectors ties us even more closely to global markets. This makes us vulnerable to market changes far outside our control. We have already seen this in Sasol's management decision to postpone certain project development in response to the recent plunge in oil prices. We must proceed with the goal of harnessing the economic opportunity of the energy sector, but also nourish and diversify our economy in other areas alongside it.

I hope my layman's perspective is helpful today as we move forward with this discussion, and I welcome any questions you have in response to my comments. Thank you.